

Plan could rescue troubled homeowners
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A state agency wants to lend a hand to home buyers amid the rising tide of foreclosures.

The Department of Community Affairs and the Housing and Mortgage Finance Agency are developing a new refinancing program to help some homeowners facing trouble after financing their homes with sub-prime mortgages.

The HMFA board has approved the development of the program and the issuance of \$30 million in taxable bonds to pay for it. While the state is working out the details of the program, to be called "Rescue," officials said it could be up and running as early as July 1.

"The American dream of owning your own home is part of our community's cornerstone, but we need to make sure people can pay their mortgage and stay in their home," said Susan Bass Levin, the DCA commissioner.

Levin expects the \$30 million bond issuance will be enough to help some 300 families. But that may represent a small fraction of the number of families who may need assistance.

According to the New Jersey Mortgage Bankers Association, 64,800 sub-prime adjustable rate mortgages were issued statewide in 2006, about 5.3 percent of the total number of new mortgage loans. Close to 11 percent of homeowners with sub-prime mortgages in Bergen and Passaic counties were behind in their payments by at least two months in February, according to a congressional report released last month.

The state received 90 inquiries about the Rescue program in the first week that the HMFA's Web site advertised the program, earlier this month, according to Sean D'Arcy, a spokesman for the DCA.

A preliminary proposal calls for the state to offer fixed-rate mortgages with 40-year terms. The interest rate has not yet been finalized. Eligible homeowners may earn up to 140 percent of the median income in their county.

The HMFA would likely require several one-on-one counseling sessions with an agency approved by the U.S. Department of Housing and Urban Development as a condition of participating in the program.

State Sen. Shirley Turner, D-Mercer, is among the lawmakers who have received phone calls from residents in dire straits as a result of sub-prime mortgages.

"We're going to see more people losing their homes which is a tragedy because for most people that is their greatest investment, put all their hard-earned savings into a home," Turner said of the program. "I'm just hopeful we will be able to get this up and running quickly because I think time is of the essence.

The program will be administered by the HMFA with technical assistance from the DCA. The HMFA board is scheduled to meet May 17 to discuss program guidelines.

Ohio, which had the highest foreclosure rate in the nation, has also created a program to help homeowners struggling with mortgage payments.

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